1. **Call to Order/Roll Call**

Vice Chair Dillenbeck called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m., and noted the presence of a quorum. She shared her appreciation and admiration of Ren Hirose for his years of dedication and service. Steve Geiogamah added that this is also Commissioner McCreary’s last meeting as well and he thanked Commissioner McCreary for his service.
2. **Approval of Minutes**

- July 18, 2017

Vice Chair Dillenbeck called for comments and revisions to the minutes. There were none.

**COMMISSIONER MCKENZIE MOVED TO APPROVE THE MINUTES OF THE JULY 18, 2017 MINUTES AS PRESENTED. COMMISSIONER MCCREARY SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). CHAIRPERSON SCHOLEFIELD AND COMMISSIONER GRUPP WERE ABSENT.**

3. **ArtWalk Event Support Funding Proposal**

Mr. Geiogamah stated that this is a proposed three-year agreement with a requested amount of $75,000 annually. This is event proposal was evaluated as part of the new community event criteria and program that the Commission recommended last month. This event has met all the criteria outlined last month.

French Thompson, President, Scottsdale Gallery Association, addressed the proposal, noting that the ArtWalk has been a historical Scottsdale signature event for over 40 years. It is the longest continuous art walk in the country. Participation, momentum and energy have increased during the Gold Palette Artwalks over the past two years. The ArtWalk emphasizes Scottsdale’s cultural strengths with a variety of cultural venues, including museums, galleries, art studios, art schools, historic sites and designer studios, all family-friendly. All are geographically convenient with easy access and free parking. Art selections include sculpture, Western art, landscapes, figurative, fine custom jewelry, contemporary art, international and local artists. The coming year will include seven Gold Palette events, two in the shoulder season and five in the high season. An eighth Gold Palette Summer Spectacular will take place in July, which will be put on by the Gallery Association without City funding. The Thursday night ArtWalk continues year-round.

Recent year promotions have not been adequate, due primarily to underfunding. Opportunities include expansion of marketing to reach across the country and beyond. Half of the City’s funding will go into advertising and marketing. Increased outreach will attract additional funding and sponsorships.

Commissioner Ashmore asked whether there has been consideration to hold the Palette events on a Friday or Saturday. Mr. Thompson said that when the ArtWalk was developed 40 years ago, Friday night was considered date night and Saturday night was a night where people did other activities. Thursday night was considered an opportunity to capitalize on a day of the week that would not be competing against other activity and that strategy was successful. Almost all other major events held in Phoenix, Glendale and surrounding cities occur on Thursday night. Commissioner Ashmore suggested collecting data concerning the increased number of visitors on the weekend.
Commissioner Hill commented that art walks in other cities are tied into food experiences as well, including outdoor dining. She asked about the presence of rules and regulations that would prevent the development of such dining opportunities. Mr. Thompson said that Main Street includes several open air restaurants with patio dining in the winter. One of the planned ArtWalks is an individual gallery and individual local restaurant teaming up for wine tasting and food. Commissioner Hill noted that one city closed down a street and had dining in the street, which was facilitated by a caterer.

In response to a question from Commissioner McKenzie, Mr. Thompson confirmed that last year, the funding was $30,000. Commissioner McKenzie asked for confirmation that the $75,000 budgeted was expected to bring in an additional 200 people in attendance per night. Mr. Thompson described these as nebulous numbers that must be included in the report. The intent is to bring in as many people as possible. Commissioner McKenzie asked how many galleries participate. Mr. Thompson said there are 32 member galleries. A membership drive is currently under way. There was discussion that galleries are permitted to serve wine, however, guests cannot take their drinks with them to carry while they stroll to other galleries.

Vice Chair Dillenbeck noted the presence of members of the public who wished to speak. Sandy Schenkat, member of the Tourism Advisory Task Force, complimented Mr. Thompson for his great work on behalf of the Arts District. She shared a letter from Brad Richardson, owner of Legacy Gallery and a letter from Elaine Horejs of Xanadu Gallery, both expressing support and appreciation for the ArtWalk events.

Kathleen McDonald of Museum of the West said her job function is to engage membership and visitors through a series of talks, demos, films and lectures. Among the most important activities is engagement and interaction with the Gallery Association. The Gallery Association provides the museum with higher visibility. ArtWalks bring in people who are actively engaged and supportive of the arts. They encourage granting of the funds to support ArtWalk, which by extension helps to support the museum.

**COMMISSIONER HILL MOVED TO APPROVE THE ARTWALK EVENT SUPPORT FUNDING PROPOSAL.**

Mr. Geiogamah requested to elaborate on the terms of the proposal. Staff worked with the Scottsdale Gallery Association to ensure the proposal will ensure the city fair, substantial equal value for the $75,000. Other elements will ensure growth over the three-year agreement in regard to attendance and participation. Commissioner Hill commented that the investment will bring in more attendees and that the event is the heartbeat of Scottsdale. Commissioner Ashmore proposed another motion.

**COMMISSIONER ASHMORE MOVED TO APPROVE A $40,000 GRANT FOR THE NEXT THREE YEARS, IF THE ATTENDANCE DOES NOT REACH A 25 PERCENT THRESHOLD IN GROWTH AND FUND THE FULL $75,000 OVER THE NEXT THREE YEARS WITH AT LEAST A 25 PERCENT GROWTH IN ATTENDANCE.**

Commissioner Hill said that many times, $40,000 is provided for a single event. This is a whole series of events over a long period. Considering that there are seven events, that amount is not likely sufficient to market a series of events of this scale. ArtWalk is in competition with other events. Additionally, it is a historic event that the City needs to
invest in to preserve it. Insisting that the event must grow or die could be counterproductive.

Commissioner McKenzie stated that he is also concerned with attendance and growth and suggested there should be accountability that the funds are being used correctly moving forward. Commissioner Hill commented that accountability is tracked by Mr. Geiogamah and staff. Mr. Geiogamah confirmed this, noting that for this particular event, the direct dollar marketing budget is approximately $45,000 with additional in-kind marketing placing the total at approximately $75,000 in terms of the marketing value for the City. Some of the incorporated contract components should ensure the expected growth.

Commissioner Hill argued that the funding if not allocated to ArtWalk would be spent on some other event. This is an opportunity to give funds for an event that enriches the culture of Scottsdale in the center of a unique area. The local event market is very competitive and ArtWalk is a treasure to be preserved so it can improve and grow.

Commissioner Ashmore commented that the request is for an increase of 65 percent in funding with an expected ten percent increase in attendance growth. He supports the arts, however, he would like to see the business side of the funding increase to be substantiated more adequately. It is not unreasonable to raise the threshold of attendance increase from ten percent to 20 or 25 percent in exchange for more than doubling the funding.

Mr. Geiogamah noted that two motions have been made. Commissioner Ashmore withdrew his motion with a request to amend Commissioner Hill’s motion to add an attendance increase requirement of 20 percent annually. Commissioner Hill amended and restated her motion.

**COMMISSIONER HILL MOVED TO RECOMMEND SUPPORT OF A THREE-YEAR AGREEMENT AT $75,000 ANNUALLY WITH AN ATTENDANCE INCREASE REQUIREMENT OF 20 PERCENT YEAR OVER YEAR. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). CHAIRPERSON SCHOLEFIELD AND COMMISSIONER GRUPP WERE ABSENT.**

Mr. Thompson thanked the Commission for its support and expressed appreciation for the comments.

4. **2016 Longwoods Travel USA Report**

Mr. Geiogamah prefaced the presentation by noting that this is the third year collecting data from Longwoods through Travel USA. The data is for domestic travel and does not include international travel.

AnnDee Johnson, Longwoods International explained that the information reported today is derived from the research platform Travel USA. The focus is on trip types as opposed to travelers.
Trip types include:

- Leisure
  - Visiting friends and relatives
  - Marketable trip purposes (trips that may be influenced by marketing)
  - Touring
  - Outdoors
  - Special event
  - City
  - Cruise
  - Casino
  - Theme park
  - Resort
  - Skiing/Snowboarding
  - Golf
- Business
  - Conference/convention
  - Generic business trip
- Business leisure
  - Business trip extended for leisure purposes

All data is collected online at the national level. For the U.S. travel market, there has been consistent growth from 2012 to 2016. Growth from 2015 to 2016 was 1.1 percent in terms of overnight trips. In 2016, 43 percent of trips were for the purpose of visiting friends and relatives, 45 percent were marketable trips, 9 percent business and 3 percent business leisure. The growth was driven entirely by the growth in marketable trips.

In addressing Scottsdale specifically, there were 8.8 million person trips, increasing 1.8 percent over 2015. This consists of 51 percent overnight and 49 percent day trips. There were 4.5 million overnight trips, representing a 1.3 percent increase from 2015. Of these, 46 percent were for the purpose of visiting friends and relatives, 41 percent for marketable trip purposes, 8 percent business and 5 percent business leisure. Overnight trips generated a total of $1.22 billion in spending, representing an increase of 3.4 percent over 2015. Breaking down the spending into sectors, 41 percent was on lodging, 27 percent restaurant, food and beverage, 13 percent retail, 11 percent recreation and 8 percent transportation.

There were 4.3 million day trips in 2016, representing an increase of 2.2 percent. Of these, 40 percent were for the purpose of visiting friends and relatives, 50 percent marketable, 7 percent business and 3 percent business leisure. The total spending was $281 million, an increase of 5.7 percent over 2015. Sector spending was 42 percent restaurant food and beverage, 28 percent retail, 20 percent recreation and 10 percent transportation.

The top state origin markets for overnight visitors to Scottsdale were California and Arizona, followed by Illinois and others. The number one designated market area (DMA) of origin is Phoenix, followed by Los Angeles, Chicago, New York City, Tucson, San Francisco, Boston and others. Overnight trips to Scottsdale are planned further in
advance than the national average, with 67 percent planned two months or more versus 53 percent nationally. The average number of nights spent for an overnight trip was 5.1, up from 3.9 nights in 2015. The average travel party size was 2.9 persons. Scottsdale has a much higher percentage of travelers using an airplane or rental car for their trips than the national average. The use of services like Uber and Lyft increased from 7 percent in 2015 to 12 percent in 2016, while use of traditional taxis remained at 11 percent. The top five activities during an overnight trip were shopping, dining, swimming, casino and landmark/historic sites. Visiting art galleries is a much higher percentage activity for Scottsdale than the national norm. Golf activity was 11 percent versus 4 percent nationally. Museums are even with the national level at 11 percent.

From a demographic perspective, the average age of an overnight visitor is 47.2 years versus the national average of 43.8. In terms of education, the Scottsdale visitor is generally very educated, with 31 percent having a postgraduate degree and 41 percent with a college degree. Only 7 percent have a high school education or less. Overnight visitors to Scottsdale tend to be more affluent than the national norm.

Commissioner Ashmore referred to the 51 percent overnight trips and asked about data to reflect which were hotel trips versus staying with friends and family. Ms. Johnson said that the report contains data on a number of different accommodation types. Commissioner Ashmore asked about the cities included in the national comparison data. Ms. Johnson said the data set nationally is all 50 states and a large number of cities across the country.

5. **Experience Scottsdale Fourth Quarter Performance Measures Report**

Mr. Geiogamah noted that there are a total of 11 performance measurements that were established at the beginning of last year. The measurements were reviewed. All were met with four measurements increasing by 25 percent or more.

Rachel Pearson, Experience Scottsdale provided highlights for the past quarter. During the past fiscal year, Experience Scottsdale helped bring in 523 new meetings, which accounts for approximately 170,000 incremental room nights. This past quarter, they hosted three familiarization tours, including 5th Annual Medical Meetings, HPN Global and 30th Annual Sunsational. These tours have resulted in 21 leads for the Scottsdale area. The communications team assisted in generating 1,076 articles. Experience Scottsdale brought 62 journalists to Scottsdale during the quarter, representing such publications as the Irish Daily Mail, the Globe and Mail and USA today. The articles reached 4.9 billion people. The tourism team met with nearly 4,000 travel agents and tour operators from 33 countries. Experience Scottsdale met or exceed all performance standards. Commissioner Ashmore thanked Ms. Pearson and the team for their contributions to the increase in activity in the tourism industry in Scottsdale.

6. **Event Funding Program Recommendations**

Commission discussion and recommendations on the following applications for event funding:
a. College Bound Challenge – 3d Lacrosse Tournament – January 6-7, 2018
b. Dia de los Muertos – November 2-5, 2017

Mr. Geiogamah stated that the College Bound Challenge – 3d Lacrosse Tournament is for high school aged youth. The event is requesting $3,810, which was recommended by the Event Working Group. Dia de los Muertos will present three to four large scale art installations as well as activations around the art. The event has requested $13,000.

Vice Chair Dillenbeck invited public comment. Robert Ramirez, LORE Productions, stated that LORE Productions would be presenting a Dia de los Muertos art installation November 2nd. Dia de los Muertos is a cultural observance to pay homage to those who have passed away. It attracts many artists and much participation in programs. Over the past year, he has communicated with various entities in Scottsdale regarding why Scottsdale would be the perfect setting for a Dia de los Muertos art installation. He produces Southern California and Los Angeles Dia de los Muertos events, helping to found the largest Dia de los Muertos event in the nation at Hollywood Forever. He co-curated the Gene Autry Museum’s Dia de los Muertos. Scottsdale’s intimacy and connection to artists provides an ideal setting for the art installation. They are looking at the Old Adobe Mission historical site, which will present the inaugural Dia de los Muertos. Events will include programming to provide the historical significance of Dia de los Muertos. They also plan over the next several years to develop an international presence, which allow Scottsdale to bring in a great deal of interest in this holiday.

Commissioner McCreary asked about other potential locations for the art installations. Mr. Ramirez said that various locations throughout Scottsdale were reviewed. They were originally looking at the Civic Center Mall. However, it was subsequently determined that the Old Adobe Mission would be the best initiating portion of the event, due to the historical connection. There is the potential for promising programming to occur at the canal. The main objective is to create a beneficial relationship with Scottsdale.

Commissioner McKenzie noted that last month, staff did not approve the event. He asked Mr. Geiogamah to speak to this. Mr. Geiogamah said the name and title of the event was the same, however, this event is a different producer and organization. The event presented last month was not approved, due to the attendance level based on the duration of the event, which was to stretch over multiple weeks. Commissioner Hill described the choice of the Old Adobe Mission location as genius and shows the diversity of venues Downtown.

COMMISSIONER ASHMORE MOVED TO SUPPORT THE EVENTS AS PRESENTED. COMMISSIONER MCKENZIE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). CHAIRPERSON SCHOLEFIELD AND COMMISSIONER GRUPP WERE ABSENT.

7. Manager Reports

Staff presentation and Commission discussion of the following:

a. Staff Bed-Tax Collection Report
b. Staff Bed Tax Hotel Classification Report  
c. Bed Tax Proforma  
d. Smith Travel Report  
e. Program Updates  

Mr. Geiogamah said there was quite a variance once again in the Bed-Tax Collection Report. There have been changes made to the Bed Tax Proforma. Staff had trued up the numbers from the 2016/17 estimated totals through the third closing. A column was added to reflect the adopted FY2017/18 tourism budget for the City. The 2017/18 estimate column shows month to month expenses and revenue. City staff will update the amounts based on expenditures and changes in revenue. In terms of structural proforma changes, there have been additional adjustments in regard to the estimated amount available for capital projects and TDC recommendations not yet presented to City Council.

Vice Chair Dillenbeck asked for an explanation of the difference in funding for the Fiesta Bowl, noting that the amount in 2017/18 is $161,000 versus $310,000 last year. Mr. Geiogamah said that with current negotiations with Experience Scottsdale, a determination was made in the agreement that will go to City Council in August that the expenses would be shared related to the Annual Fiesta Bowl contract between Experience Scottsdale and the Fiesta Bowl. The amount shown reflects the City’s portion of the expense.

Vice Chair Dillenbeck noted that no amounts have been allocated for event venue or community events. Mr. Geiogamah said that these are generally updated as the funds are allocated. The funds will come out of the $1.2 million event development allocation. The funds are included in the adopted column when they are approved.

Referring to event retention and development, Vice Chair Dillenbeck asked whether the report would show the other years for which funding has been committed for historic programs involving multi-year funding. Mr. Geiogamah said that staff would track this and provide the information on upcoming reports.

Vice Chair Dillenbeck inquired whether the allocation of $300,000 for the promotion of Downtown per City Council would be coming before the Commission. Karen Churchard said this amount is for Scottsdazzle and was part of the budget process.

Mr. Geiogamah addressed the Smith Travel Report. In regards to the trend for Scottsdale Downtown and middle area properties, occupancy was flat and negative for the month of June.

Vice Chair Dillenbeck noted that last month’s minutes mentioned the possibility of obtaining data on Tempe and asked whether this progress has begun. Mr. Geiogamah said that staff has begun this process, which must be done through Smith Travel Research.

Vice Chair Dillenbeck noted that last month’s minutes included a request for average spend per guest. Mr. Geiogamah said staff has not yet followed up with Smith Travel Research, but would do this within the next 30 days.
8. **Public Comment**

Vice Chair Dillenbeck opened the meeting to public comment.

Christie Lee Kinchen requested to speak. She described herself a 38 year-old Arizona native at the pulse of Scottsdale life. Her family has lived and sold real estate in Arizona for four generations. Her mother is one of the signers for the original McDowell Sonoran Land Trust. Ms. Kinchen spoke on behalf of the McDowell Sonoran. She feels Scottsdale is losing touch with its magic and allure with high end irrigation ditches called waterfronts as well as a dolphin captivity attraction. Consumers are seeking whole, organic food and their nature whole. She urged Commissioners to consider the opportunity to keep the largest urban preserve in the United States exactly as it is. ASU is free to study the Preserve without constructing a building in the Preserve.

Jason Alexander of No DDC requested to speak in order to address questions raised at the joint TDC/MSC meeting. The Commissioners had noted that the Desert Discovery Center (DDC) projected attendance would be more than all but a handful of attractions in the Valley. He said this is correct. He disputed the numbers put forth by Ms. Campana for projected attendance for the Sonoran Desert Museum in Tucson, Desert Botanical Garden and Butterfly Wonderland. The Sonoran Desert Museum and Desert Botanical Garden publish their attendance in their annual reports. Mr. Alexander said he contacted the marketing director of Butterfly Wonderland, who stated that as a private corporation, they do not provide attendance estimates to outside entities. The Conservancy has reported that 200,000 people attended the Gateway Trailhead last year. The entire Preserve only had approximately 700,000 visitors. DDC claims that in their first year alone, they will have 360,000 visitors, which would be 50 percent more than attend the Gateway currently and almost 50 percent of the entire Preserve attendance. He suggested that Commissioners study these numbers more closely, explaining why he believes the legal basis given for the DDC will not hold in up court. No DDC conducted a SurveyMonkey survey. It was notable that opposition from southern Scottsdale approached the 95 percent range. He requested consideration for allowing him to come back and speak on the agenda. Vice Chair Dillenbeck thanked Mr. Alexander for his comments.

9. **Identification of Future Agenda Items**

Mr. Geiogamah said staff will continue evaluation of the Capital Project follow-up form and will bring it back for more in-depth discussion. The Desert Discovery Center funding request will be coming forward in September.

Vice Chair Dillenbeck referred to the tourism project evaluation update. She asked that the presentation include the issue of opportunity costs and identification of funds.

Ms. Churchard said she would also like to provide an update on the Five-Year Tourism Strategic Plan. In response to a question from Vice Chair Dillenbeck, Ms. Churchard said that at this time, there is not a plan to come back for additional funds out of the 2017/18 budget for the Five-Year Plan.
Vice Chair Dillenbeck asked when funding will be taken to Council for next year for the historic event criteria. Mr. Geiogamah said that generally, the event funding programs are brought in January/February to be prepared for City Council presentation. However the Commission can consider establishing event funding program criteria much earlier, so that the application process for events could start earlier.

10. Adjournment

The meeting adjourned at 9:42 a.m.

SUBMITTED BY:

eScribers, LLC